

**HEARTS OF HOPE  
(formerly Stuller Place)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/25/10

**HEARTS OF HOPE**  
**(formerly Stuller Place)**

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# WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • FAX (337) 235-8557  
[www.wmdh.com](http://www.wmdh.com)

## INDEPENDENT AUDITORS' REPORT

JOHN W. WRIGHT, CPA \*  
JAMES H. DUPUIS, CPA, CFP \*  
JAN E. COWEN, CPA \*  
LANCE E. CRAPPELL, CPA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES CPA, CVA / ABV, APA \*

\* A PROFESSIONAL CORPORATION

JOE D. HUTCHINSON, CPA \* +  
M. TROY MOORE, CPA \* +  
MICHAEL G. DEHART, CPA, CVA, MBA \* +  
+RETIRED



STEPHANIE A. BLANK, CPA  
KRISTIE C. BOUDREAUX, CPA  
ERIC J. BROUSSARD, CPA  
ROBERT T. DUCHARME, II, CPA  
CHRISTINE R. DUNN, CPA  
JUDITH FAULK, CPA  
MARY PATRICIA KEELEY, CPA  
JOAN MARTIN, CPA, CVA, CFE DABFA  
TANYA L. MIGUES, CPA  
WENDY ORTEGO, CPA  
STUART SONNIER, CPA  
DAMIAN H. SPIESS, CPA, CFP  
ROBIN G. STOCKTON, CPA  
BRIDGET B. TILLEY, CPA, MT  
ABBEY T. TRAHAN, CPA, MS  
TINA B. VIATOR, CPA

To the Board of Directors  
Hearts of Hope  
Lafayette, Louisiana

We have audited the accompanying Statements of Financial Position of Hearts of Hope (formerly Stuller Place) (a nonprofit organization) as of December 31, 2009 and 2008, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hearts of Hope, as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009, on our consideration of Hearts of Hope's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should not be considered in assessing the results of our audit.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

Lafayette, Louisiana  
June 22, 2009

**HEARTS OF HOPE**  
**(formerly STULLER PLACE)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

|  | <u>2009</u>       | <u>2008</u>       |
|--|-------------------|-------------------|
| <b>ASSETS</b>                                  |                   |                   |
| <b>CURRENT ASSETS</b>                          |                   |                   |
| Cash and Cash Equivalents                      | \$ 37,372         | \$ 68,973         |
| Grant Funds Receivable                         | 70,240            | 95,303            |
| Other Receivables                              | 18                | 55,390            |
| Prepaid Insurance                              | 3,980             | 5,181             |
| Inventory                                      | <u>11,477</u>     | <u>13,992</u>     |
| Total Current Assets                           | <u>123,087</u>    | <u>238,839</u>    |
| <b>PROPERTY AND EQUIPMENT</b>                  |                   |                   |
| Office Equipment, Furniture & Fixtures         | 68,202            | 66,651            |
| Leasehold Improvements                         | 5,028             | 5,028             |
| Less: Accumulated Depreciation                 | <u>(62,027)</u>   | <u>(55,001)</u>   |
| Net Property and Equipment                     | 11,203            | 16,678            |
| Construction in Progress                       | <u>262,653</u>    | <u>255,789</u>    |
| Total Property and Equipment                   | <u>273,856</u>    | <u>272,467</u>    |
| <b>OTHER ASSETS</b>                            |                   |                   |
| Unamortized Loan Costs                         | 981               | 1,069             |
| Beneficial Interest in Assets Held by Others   | <u>41,541</u>     | <u>40,742</u>     |
| Total Other Assets                             | <u>42,522</u>     | <u>41,811</u>     |
| <b>TOTAL ASSETS</b>                            | <u>\$ 439,465</u> | <u>\$ 553,117</u> |
| <b>LIABILITIES AND NET ASSETS</b>              |                   |                   |
| <b>CURRENT LIABILITIES</b>                     |                   |                   |
| Accounts Payable                               | \$ 350            | \$ 12,037         |
| Accrued Liabilities                            | 6,125             | 534               |
| Accrued Interest Payable                       | 552               | -                 |
| Due to Lafayette Consolidated Government       | 20,076            | -                 |
| Note Payable - Current Portion                 | <u>7,609</u>      | <u>6,647</u>      |
| Total Current Liabilities                      | <u>34,712</u>     | <u>19,218</u>     |
| <b>LONG TERM DEBT - NET OF CURRENT PORTION</b> | <u>107,680</u>    | <u>114,719</u>    |
| <b>TOTAL LIABILITIES</b>                       | <u>142,392</u>    | <u>133,937</u>    |
| <b>NET ASSETS</b>                              |                   |                   |
| Unrestricted Net Assets                        | 203,756           | 327,405           |
| Temporarily Restricted Net Assets              | <u>93,317</u>     | <u>91,775</u>     |
| Total Net Assets                               | <u>297,073</u>    | <u>419,180</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>        | <u>\$ 439,465</u> | <u>\$ 553,117</u> |

The Accompanying Notes are an Integral Part of These Statements.

**HEARTS OF HOPE**  
**(formerly STULLER PLACE)**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

|  | <u>2009</u>      | <u>2008</u>     |
|--|------------------|-----------------|
| <b>UNRESTRICTED NET ASSETS</b>                 |                  |                 |
| <b>SUPPORT</b>                                 |                  |                 |
| Donations                                      | \$ 119,164       | \$ 132,113      |
| United Way of Acadiana                         | 2,856            | 55,750          |
| United Way of Iberia                           | 6,000            | 8,000           |
| United Way Venture                             | 4,000            | 3,000           |
| Fundraisers                                    | 137,503          | 95,944          |
| In - Kind Donations                            | <u>97,506</u>    | <u>81,938</u>   |
| Total Support                                  | 367,029          | 376,745         |
| <b>REVENUES</b>                                |                  |                 |
| Service Fees                                   | 11,228           | 9,200           |
| Third-Party Reimbursements                     | 66,499           | 109,887         |
| Interest                                       | <u>267</u>       | <u>3,363</u>    |
| Total Support and Revenues                     | 445,023          | 499,195         |
| Total Net Assets Released                      |                  |                 |
| From Restrictions                              | <u>176,346</u>   | <u>203,456</u>  |
| Total Unrestricted Support                     | <u>621,369</u>   | <u>702,651</u>  |
| <b>EXPENSES</b>                                |                  |                 |
| Program Activities                             |                  |                 |
| Children's Advocacy Center                     | 273,747          | 242,203         |
| Sexual Abuse Response Center                   | 268,806          | 298,583         |
| Sexual Assault Nurse Examiners                 | <u>141,719</u>   | <u>178,771</u>  |
| Total  | 684,272          | 719,557         |
| Management and General Expenses                | <u>65,703</u>    | <u>69,784</u>   |
| Total Expenses                                 | <u>749,975</u>   | <u>789,341</u>  |
| Decrease in Unrestricted Net Assets            | <u>(128,606)</u> | <u>(86,690)</u> |
| <b>TEMPORARILY RESTRICTED NET ASSETS</b>       |                  |                 |
| <b>SUPPORT</b>                                 |                  |                 |
| CFC Grant                                      | 896              | 2,270           |
| Children's Trust Fund                          | 2,080            | 5,500           |
| Crime Victims Association Grants               | 74,458           | 102,222         |
| NCA Grant                                      | 11,099           | 8,901           |
| Preventive Health Block Grant                  | 33,147           | 38,622          |
| VAWA Grant                                     | 20,391           | 15,950          |
| ARRA VAWA Grant                                | 7,754            | -               |
| ARRA VOCA Grant                                | 26,521           | -               |
| Restricted Donations                           | <u>-</u>         | <u>7,020</u>    |
| Total Support                                  | 176,346          | 180,485         |
| <b>REVENUES</b>                                |                  |                 |
| Investment Earnings on Endowment               | 736              | 569             |
| Unrealized Gain(Loss) on Endowment Investments | <u>5,763</u>     | <u>(12,213)</u> |
| Total Support and Revenues                     | 182,845          | 168,841         |

The Accompanying Notes are an Integral Part of These Statements.

**HEARTS OF HOPE**  
**(formerly STULLER PLACE)**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

|   | <u>2009</u>              | <u>2008</u>              |
|---|--------------------------|--------------------------|
| Net Assets Released From Donor Restrictions | \$ (176,346)             | \$ (203,456)             |
| Change in Temporarily Restricted Net Assets | <u>6,499</u>             | <u>(34,615)</u>          |
| <b>DECREASE IN NET ASSETS</b>               | <b>(122,107)</b>         | <b>(121,305)</b>         |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>      |                          |                          |
| As Previously Reported                      | 419,180                  | 530,762                  |
| Adjustment for Correction of an Error       | <u>-</u>                 | <u>9,723</u>             |
| Balance at Beginning of Year, Restated      | <u>419,180</u>           | <u>540,485</u>           |
| <b>NET ASSETS AT END OF YEAR</b>            | <b><u>\$ 297,073</u></b> | <b><u>\$ 419,180</u></b> |

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**HEARTS OF HOPE**  
(formerly STULLER PLACE)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2009**

|                                       | <u>CAC<br/>PROGRAM<br/>ACTIVITIES</u> | <u>SARC<br/>PROGRAM<br/>ACTIVITIES</u> | <u>SANE<br/>PROGRAM<br/>ACTIVITIES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>TOTAL</u>      |
|---------------------------------------|---------------------------------------|--|--|-----------------------------------|-------------------|
| Compensation and<br>Related Expenses: |                                       |  |  |                                   |                   |
| Salaries                              | \$ 196,447                            | \$ 213,262                             | \$ 79,384                              | \$ 46,355                         | \$ 535,448        |
| Employee Benefits -                   |                                       |  |  |                                   |                   |
| Payroll Taxes                         | 10,077                                | 11,008                                 | 6,868                                  | 3,477                             | 31,430            |
| Group Insurance                       | 9,028                                 | 13,573                                 | -                                      | 2,512                             | 25,113            |
| Retirement                            | <u>1,864</u>                          | <u>1,577</u>                           | <u>-</u>                               | <u>-</u>                          | <u>3,441</u>      |
|                                       | 217,416                               | 239,420                                | 86,252                                 | 52,344                            | 595,432           |
| Annual Project/Fundraising            | 8,597                                 | 2,139                                  | 5,876                                  | -                                 | 16,612            |
| Bank Charges                          | -                                     | -                                      | -                                      | -                                 | -                 |
| CAC - LA Expenses                     | 350                                   | -                                      | -                                      | -                                 | 350               |
| Cleaning                              | 1,792                                 | 504                                    | 1,359                                  | 912                               | 4,567             |
| Contract Labor                        | -                                     | -                                      | 18,300                                 | -                                 | 18,300            |
| Depreciation and Amortization         | 3,403                                 | 2,704                                  | 919                                    | 87                                | 7,113             |
| Dues and Fees                         | 920                                   | 795                                    | 499                                    | -                                 | 2,214             |
| Education and Professional            |                                       |  |  |                                   |                   |
| Development                           | 6,540                                 | 643                                    | 8,653                                  | -                                 | 15,836            |
| Foundation/Board                      | 461                                   | 212                                    | 212                                    | -                                 | 885               |
| Insurance                             | 5,126                                 | 3,412                                  | 2,799                                  | 2,835                             | 14,172            |
| Legal and Accounting                  | 3,800                                 | 2,800                                  | 2,800                                  | -                                 | 9,400             |
| Meetings and Receptions               | 1,374                                 | 298                                    | 473                                    | -                                 | 2,145             |
| Miscellaneous Expense                 | -                                     | -                                      | -                                      | 99                                | 99                |
| Office Expenses/Supplies              | 12,116                                | 8,878                                  | 4,612                                  | 4,518                             | 30,124            |
| Public Relations                      | 93                                    | 75                                     | 71                                     | 716                               | 955               |
| Rape Kits and Supplies                | -                                     | -                                      | 2,515                                  | -                                 | 2,515             |
| Rent/Building Maintenance             | 1,390                                 | 1,028                                  | 652                                    | 768                               | 3,838             |
| Telephone                             | 3,568                                 | 1,516                                  | 3,262                                  | 2,086                             | 10,432            |
| Travel                                | 4,011                                 | 2,066                                  | 944                                    | -                                 | 7,021             |
| Utilities                             | 2,790                                 | 1,436                                  | 1,126                                  | 1,338                             | 6,690             |
| Volunteer Development                 | <u>-</u>                              | <u>880</u>                             | <u>395</u>                             | <u>-</u>                          | <u>1,275</u>      |
| Totals                                | <u>\$ 273,747</u>                     | <u>\$ 268,806</u>                      | <u>\$ 141,719</u>                      | <u>\$ 65,703</u>                  | <u>\$ 749,975</u> |

The Accompanying Notes are an Integral Part of This Statement.

**HEARTS OF HOPE**  
(formerly STULLER PLACE)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2008**

|                                    | <u>CAC<br/>PROGRAM<br/>ACTIVITIES</u> | <u>SARC<br/>PROGRAM<br/>ACTIVITIES</u> | <u>SANE<br/>PROGRAM<br/>ACTIVITIES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>TOTAL</u>      |
|------------------------------------|---------------------------------------|--|--|-----------------------------------|-------------------|
| Compensation and Related Expenses: |                                       |  |  |                                   |                   |
| Salaries                           | \$ 115,914                            | \$ 231,379                             | \$ 69,884                              | \$ 51,777                         | \$ 468,954        |
| Employee Benefits -                |                                       |  |  |                                   |                   |
| Payroll Taxes                      | 8,748                                 | 10,536                                 | 5,339                                  | 2,841                             | 27,464            |
| Group Insurance                    | 12,942                                | 12,031                                 | 1,489                                  | 2,926                             | 29,388            |
| Retirement                         | <u>1,204</u>                          | <u>902</u>                             | <u>-</u>                               | <u>-</u>                          | <u>2,106</u>      |
|                                    | 138,808                               | 254,848                                | 76,712                                 | 57,544                            | 527,912           |
| Annual Project/Fundraising         | 62,687                                | 398                                    | 2,745                                  | -                                 | 65,830            |
| Bank Charges                       | -                                     | -                                      | -                                      | -                                 | -                 |
| CAC - LA Expenses                  | -                                     | -                                      | -                                      | -                                 | -                 |
| Cleaning                           | 1,102                                 | 1,947                                  | 903                                    | 988                               | 4,940             |
| Contract Labor                     | -                                     | -                                      | 54,286                                 | -                                 | 54,286            |
| Depreciation and Amortization      | 3,433                                 | 2,946                                  | 794                                    | 87                                | 7,260             |
| Dues and Fees                      | 1,498                                 | 803                                    | 491                                    | -                                 | 2,792             |
| Education and Professional         |                                       |  |  |                                   |                   |
| Development                        | 4,781                                 | 2,953                                  | 12,324                                 | -                                 | 20,058            |
| Foundation/Board                   | 32                                    | 266                                    | 163                                    | -                                 | 461               |
| Insurance                          | 4,762                                 | 4,666                                  | 3,893                                  | 1,897                             | 15,218            |
| Interest Expense                   | -                                     | -                                      | -                                      | -                                 | -                 |
| Legal and Accounting               | 3,000                                 | 2,500                                  | 2,500                                  | -                                 | 8,000             |
| Meetings and Receptions            | 1,355                                 | 1,211                                  | 803                                    | -                                 | 3,369             |
| Miscellaneous Expense              | -                                     | -                                      | -                                      | -                                 | -                 |
| Office Expenses/Supplies           | 11,158                                | 14,193                                 | 10,106                                 | 3,938                             | 39,395            |
| Program Expenses                   | -                                     | -                                      | -                                      | -                                 | -                 |
| Public Relations                   | 114                                   | -                                      | 100                                    | 378                               | 592               |
| Rape Kits and Supplies             | -                                     | -                                      | 4,881                                  | -                                 | 4,881             |
| Rent/Building Maintenance          | 2,472                                 | 2,243                                  | 981                                    | 1,424                             | 7,120             |
| Taxes and Licenses                 | -                                     | -                                      | -                                      | -                                 | -                 |
| Telephone                          | 2,047                                 | 2,185                                  | 3,962                                  | 2,049                             | 10,243            |
| Travel                             | 2,661                                 | 5,255                                  | 1,264                                  | -                                 | 9,180             |
| Utilities                          | 2,152                                 | 1,899                                  | 1,863                                  | 1,479                             | 7,393             |
| Volunteer Development              | <u>141</u>                            | <u>270</u>                             | <u>-</u>                               | <u>-</u>                          | <u>411</u>        |
| Totals                             | <u>\$ 242,203</u>                     | <u>\$ 298,583</u>                      | <u>\$ 178,771</u>                      | <u>\$ 69,784</u>                  | <u>\$ 789,341</u> |

The Accompanying Notes are an Integral Part of This Statement.



**HEARTS OF HOPE**  
(formerly STULLER PLACE)

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

|  | <u>2009</u>      | <u>2008</u>      |
|--|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                  |                  |
| Decrease in Net Assets   | \$ (122,107)     | \$ (121,305)     |
| Adjustments to Reconcile Decrease in Net Assets<br>to Net Cash Provided by Operating Activities: |                  |                  |
| Depreciation   | 7,026            | 7,174            |
| Amortization   | 87               | 87               |
| Unrealized Gain/Loss on Endowment Funds  | (5,763)          | 12,213           |
| Earnings Restricted for Long-Term Endowment  | (736)            | (569)            |
| Changes in Operating Assets and Liabilities:   |                  |                  |
| Increase/Decrease in Receivables   | 80,435           | (72,870)         |
| Increase/Decrease in Inventory   | 2,515            | (6,806)          |
| Increase/Decrease in Prepaid Expenses  | 1,202            | 1,526            |
| Increase/Decrease in Accounts Payable  | (11,687)         | 8,424            |
| Increase/Decrease in Due to<br>Lafayette Consolidated Government                                 | 20,076           | -                |
| Increase/Decrease in Accrued Liabilities   | <u>6,143</u>     | <u>(400)</u>     |
| Total Adjustments  | <u>99,298</u>    | <u>(51,221)</u>  |
| Net Cash Used In Operating Activities  | <u>(22,809)</u>  | <u>(172,526)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                  |                  |
| Net Purchases of Fixed Assets  | (8,415)          | (36,519)         |
| Transfer of Assets from Endowment Fund   | <u>5,700</u>     | <u>-</u>         |
| Net Cash Used In Investing Activities  | <u>(2,715)</u>   | <u>(36,519)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                  |                  |
| Principal Payments on Note Payable   | <u>(6,077)</u>   | <u>(6,278)</u>   |
| Net Cash Used In Financing Activities  | <u>(6,077)</u>   | <u>(6,278)</u>   |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>   | (31,601)         | (215,323)        |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>  | <u>68,973</u>    | <u>284,296</u>   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | <u>\$ 37,372</u> | <u>\$ 68,973</u> |

The Accompanying Notes are an Integral Part of These Statements.

**HEARTS OF HOPE  
(formerly Stuller Place)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities** – Hearts of Hope (formerly known as Stuller Place) is a non-profit organization that is dedicated to providing help and healing for survivors of sexual trauma and violent crime, to providing help to lessen the trauma experienced by child victims when abuse allegations are investigated and throughout court proceedings and to conducting and documenting skillful forensic evidence collection with compassionate care when a patient makes a disclosure of sexual assault. Staff and volunteers maintain a 24-hour crisis line and provide escort services to the area hospitals. In 2009, Stuller Place formally changed its name to Hearts of Hope.

**Basis of Presentation** - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Basis of Accounting** - The financial statements of Hearts of Hope have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Contributions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**Income Taxes** - Hearts of Hope qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, Hearts of Hope has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. It is also exempt from Louisiana income tax.

**Recognition of Donor Restrictions** – Contributions are recognized as revenue when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

**Inventories** - Inventory amounts consist of rape kits. Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

**Property and Equipment** - Property and equipment are stated at cost for assets purchased and at fair value at the date of donation for contributed assets. Donations of property and equipment are recorded as support at their estimated fair market value and are reported as unrestricted unless the donor has restricted the donated assets for a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years. Additions and betterments of \$250 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense was \$7,026 and \$7,174 for the years ended December 31, 2009 and 2008, respectively.

Hearts of Hope is housed in a building located at 911 General Mouton owned by the Lafayette Consolidated Government. Hearts of Hope has use of the building at no cost and there is nothing in the financial statements to reflect the cost. No fair market value has been determined.

**HEARTS OF HOPE**  
**(formerly Stuller Place)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Donated Services** - The organization recognizes donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected on the statements for donated services because no objective basis is available to measure the value of such services.

**Cash and Cash Equivalents** - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Compensated Absences** - Sick time is accumulated as a single compensated absence. Ten hours are earned per month for all full-time employees, (employees working 30 hours or more per week). Any unused accumulated balance can be carried forward to the following year. However, it is forfeited upon leaving employment; accordingly, no liability has been recorded in the accompanying financial statements.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**(B) ASSETS TRANSFERRED TO A RECIPIENT ORGANIZATION**

In 2003, Hearts of Hope (the Organization) transferred \$10,000 to the Community Foundation of Acadiana, Inc. to open an Endowment Fund for the benefit of the Organization. The Foundation has limited variance power over the fund. In the event that a donor restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the needs of the community, the Foundation may modify the restriction through the exercise of the variance power. Distribution from the Fund can be made solely for the support of the purposes of Hearts of Hope once the investment has reached \$1,000,000 as stipulated by the Organization's Board of Directors. No transfers were made to the Endowment Fund in 2009 or 2008. The Endowment Investment is reflected in the financial statements as a Beneficial Interest in Assets Held by Others in the amount of \$41,541 and \$40,742 as of December 31, 2009 and 2008 respectively and Temporarily Restricted Net Assets in each of those years.

**HEARTS OF HOPE**  
(formerly Stuller Place)

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**(C) TEMPORARILY RESTRICTED NET ASSETS**

Net Assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

| Purpose restriction accomplished: | <u>2009</u>       | <u>2008</u>       |
|-----------------------------------|-------------------|-------------------|
| Children's Trust Fund             | \$ 2,080          | \$ 5,500          |
| Combined Federal Campaign         | 896               | 2,270             |
| Crime Victims Association Grants  | 74,458            | 102,222           |
| NCA Grant                         | 11,099            | 8,901             |
| Preventive Health Block Grant     | 33,147            | 38,622            |
| VAWA Grants                       | 20,391            | 15,950            |
| ARRA VAWA Stimulus Grant          | 7,754             | -                 |
| ARRA VOCA Stimulus Grant          | 26,521            | -                 |
| Restricted Donations              | -                 | 29,991            |
| Total                             | <u>\$ 176,346</u> | <u>\$ 203,456</u> |

A summary of Temporarily Restricted Net Assets as of December 31, 2009 and 2008 is as follows:

|  | <u>2009</u>      | <u>2008</u>      |
|--|------------------|------------------|
| Temporarily Restricted Net Assets, Beginning | \$ 91,775        | \$ 126,390       |
| Change in Temporarily Restricted Net Assets  | <u>1,542</u>     | <u>(34,615)</u>  |
| Temporarily Restricted Net Assets, Ending    | <u>\$ 93,317</u> | <u>\$ 91,775</u> |

**(D) IN-KIND DONATIONS**

In-kind donations included in the financial statements consisted of salaries provided by the Lafayette Consolidated Government in the amount of \$97,506 in 2009 and \$81,938 in 2008. A corresponding salary expense of \$97,506 and \$81,938 respectively, was recorded.

**HEARTS OF HOPE**  
(formerly Stuller Place)

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**(E) GRANT FUNDS RECEIVABLE**

Grant funds receivable at December 31, are summarized as follows:

|                               | <u>2009</u>      |                  |                  |
|-------------------------------|------------------|------------------|------------------|
|                               | <u>CAC</u>       | <u>SARC</u>      | <u>Total</u>     |
| CVA Grant                     | \$ 17,150        | \$ 10,528        | \$ 27,678        |
| NCA Grant                     | 5,260            | -                | 5,260            |
| Preventive Health Block Grant | -                | 3,036            | 3,036            |
| VAWA Grant                    | -                | 11,488           | 11,488           |
| ARRA VAWA Stimulus Grant      | -                | 7,754            | 7,754            |
| ARRA VOCA Stimulus Grant      | 15,024           | -                | 15,024           |
| Total                         | <u>\$ 37,434</u> | <u>\$ 32,806</u> | <u>\$ 70,240</u> |

|                               | <u>2008</u>      |                  |                  |
|-------------------------------|------------------|------------------|------------------|
|                               | <u>CAC</u>       | <u>SARC</u>      | <u>Total</u>     |
| Children's Trust Fund         | \$ -             | \$ 2,920         | \$ 2,920         |
| CVA Grant                     | 26,100           | 27,524           | 53,624           |
| NCA Grant                     | 4,712            | -                | 4,712            |
| Preventive Health Block Grant | -                | 18,328           | 18,328           |
| VAWA Grant                    | -                | 15,719           | 15,719           |
| Total                         | <u>\$ 30,812</u> | <u>\$ 64,491</u> | <u>\$ 95,303</u> |

**(F) LONG TERM DEBT**

Long - Term Debt at December 31, 2009 consists of the following:

|   |                   |
|---|-------------------|
| A note payable to a Trust, in the amount of \$135,000, payable in monthly installments of \$1,121, including interest at 5.75 percent per annum, through September 2021, secured by the property purchased. | \$ 115,289        |
| Less: Current Portion   | <u>(7,609)</u>    |
| Total Long-Term Debt  | <u>\$ 107,680</u> |

**HEARTS OF HOPE**  
**(formerly Stuller Place)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**(F) LONG TERM DEBT- continued**

Following are maturities of long-term debt for each of the next five years;

|            |                   |
|------------|-------------------|
| 2010       | \$ 7,609          |
| 2011       | 7,456             |
| 2012       | 7,896             |
| 2013       | 8,362             |
| 2014       | 8,856             |
| Thereafter | <u>75,110</u>     |
|            | <u>\$ 115,289</u> |

**(G) CONSTRUCTION IN PROGRESS**

During 2006, Hearts of Hope purchased the adjacent property from the owner. At December 31, 2009 the property remains in unusable condition and renovations are ongoing. Construction in progress is composed of a building valued at cost of \$150,000, capitalized interest of \$23,441, architect's and engineering fees of \$44,587, systems repair of \$21,021 and other related expenses totaling \$23,603 at December 31, 2009.

**(H) RETIREMENT PLAN**

Hearts of Hope began offering its employees the opportunity to participate in a "Simple IRA" retirement plan in May 2000. All eligible employees who work full time or over 30 hours per week may contribute from one percent (1%) of their gross pay upward. Hearts of Hope matches their contribution at two percent (2%) of gross pay. The associated expenses for 2009 and 2008 were \$3,441 and \$2,106 respectively.

**(I) CONCENTRATION OF CREDIT RISK**

The majority of Hearts of Hope revenues and grants receivable are from subgrants of U. S, Department of Justice Grants through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice. A change in this funding could substantially affect the operations of the Organization.

**(J) CONTINGENCY**

In 2007, Hearts of Hope purchased the adjacent property from a Trust for \$15,000 cash and a note payable in the amount of \$135,000. The building purchased was not in useable condition. The Organization contracted with an architect to develop plans for the renovation of the property. The total cost of renovation is estimated at \$600,000 and the total architect's fees based on the estimated cost of renovation are \$43,000, payable in installments due at specified project completion points. The Organization paid the architect \$0 and \$14,155 in 2009 and 2008 respectively. If the complete cost of renovation cannot be raised, the Organization will not be liable for further payments. The Organization has accounted for the cost of the building and the payments to the architect as construction in progress.

**HEARTS OF HOPE**  
**(formerly Stuller Place)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**(K) FINANCIAL INSTRUMENTS**

Financial instruments that potentially subject Hearts of Hope to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with one high quality financial institution. At times amounts may be in excess of FDIC insurance limits. As of December 31, 2009, Hearts of Hope had no significant concentrations of credit risk.

The fair values of Hearts of Hope's financial instruments are as follows:

Cash and short-term investments – The carrying amount approximates fair value because of the short maturities of those investments.

Note payable – Fair value approximates carrying value since stated rates are similar to rates currently available to the Organization for debt with similar terms and remaining maturities.

**(L) NONCOMPLIANCE WITH GRANTOR RESTRICTIONS**

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**(M) PRIOR PERIODS ADJUSTMENT**

The accompanying financial statements for 2009 and 2008 have been adjusted for compensated absences recognized in error in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases beginning unrestricted net assets for 2008 by \$9,723.

**(N) SUBSEQUENT EVENTS**

On March 10, 2010, the Organization entered into a demand revolving credit agreement with a bank, with a \$25,000 limit, bearing interest at a variable rate 2.750% above prime rate as published in the Wall Street Journal, adjustable daily, and secured by all deposit accounts and certificates of deposit now owned or acquired hereafter by Hearts of Hope.

Subsequent events were evaluated through June 22, 2010, which is the date the financial statements were available to be issued.

# WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • FAX (337) 235-8557  
[www.wmddh.com](http://www.wmddh.com)

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

JOHN W. WRIGHT, CPA \*  
JAMES H. DUPUIS, CPA, CFP \*  
JAN H. COWEN, CPA \*  
LANCE E. CRAFFELL, CPA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES, CPA, CVA / ABV, AFA \*

\* A PROFESSIONAL CORPORATION

JOE D. HUTCHINSON, CPA \* +  
M. TROY MOORE, CPA \* +  
MICHAEL G. DEHART, CPA, CVA, MBA \* +

+ RETIRED

To the Board of Directors  
Hearts of Hope  
Lafayette, Louisiana

We have audited the financial statements of Hearts of Hope (formerly Stuller Place) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

**WMDDH**

STEPHANIE A. BLANK, CPA  
KRISTIE C. BOUDREAUX, CPA  
ERIC J. BROUSSARD, CPA  
ROBERT T. DUCHARME, II, CPA  
CHRISTINE R. DUNN, CPA  
JUDITH FAULK, CPA  
MARY PATRICIA KEELEY, CPA  
JOAN MARTIN, CPA, CVA, CFE DABFA  
TANYA L. MIGUES, CPA  
WENDY ORTEGO, CPA  
STUART SONNIER, CPA  
DAMIAN H. SPIESS, CPA, CFP  
ROBIN G. STOCKTON, CPA  
BRIDGET B. TILLEY, CPA, MT  
ABBY T. TRAHAN, CPA, MS  
TINA B. VIATOR, CPA

In planning and performing our audit, we considered Stuller Place's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of Hearts of Hope's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less



severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hearts of Hope's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies, pass-through entities and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, L.L.C.  
Certified Public Accountants

Lafayette, Louisiana  
June 22, 2010

**HEARTS OF HOPE**  
**(formerly STULLER PLACE)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

We have audited the financial statements of Hearts of Hope as of and for the year ended December 31, 2009, and have issued our report thereon dated June 22, 2009. We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of December 31, 2009 resulted in an unqualified opinion.

***Section I Summary of Auditors' Reports***

**a. Report on Internal Control and Compliance Material to the Financial Statements.**

**Internal Control**

|                          |   |  |
|--------------------------|---|--|
| Significant Deficiencies | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Material Weaknesses      | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

**Compliance**

|   |                              |  |
|---|------------------------------|--|
| Compliance Material to Financial Statements | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

***Section II Financial Statement Findings***

**2009-1 Inadequate Controls over Financial Statement Preparation**

***Finding:***

Hearts of Hope does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.

***Recommendation:***

Hearts of Hope should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, to determine if it is in the best interest of the organization to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

***Section III Federal Award Findings and Questioned Costs***

Not Applicable.

**HEARTS OF HOPE  
(formerly STULLER PLACE)**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

***Section I. Internal Control and Compliance Material to the Financial Statements***

**2008-1 Inadequate Controls over Financial Statement Preparation**

***Finding:***

Hearts of Hope does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.

***Follow Up:***

Unresolved – See current year finding 2009-1.

***Section II. Internal Control and Compliance Material to Federal Awards***

Not Applicable

***Section III. Management Letter***

Not Applicable



**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Hearts of Hope respectfully submits the following corrective action plan for the year ended December 31, 2009.

The finding from the December 31, 2009 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

**Finding No. 2009-1**

**Recommendation:** Hearts of Hope should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the organization to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

**Action Taken:** Hearts of Hope has evaluated the cost vs. benefit and has determined that outsourcing the preparation of the financial statements to the independent auditors is in the best interest of the organization at this time and will carefully review and approve the draft financial and related footnotes prior to issuance.

If the Louisiana Legislative Auditor has questions regarding this plan, please contact Jill H. Dugas, Executive Director, Hearts of Hope, P. O. Box 53967, Lafayette, LA 70505.  
Telephone number: 337-269-1557.

Sincerely yours,

Jill H. Dugas  
Executive Director, Hearts of Hope

P.O. Box 53967 • Lafayette LA 70505  
(p) 337-269-1557 • (f) 337-269-1143

[www.theheartsofhope.org](http://www.theheartsofhope.org)



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